GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1441
ANSWERED ON:03.03.2000
POOR CUSTOMERS SERVICE
BRIJBHUSHAN SHARAN SINGH

Will the Minister of FINANCE be pleased to state:

(a) whether the functioning of non-banking financial companies is causing adverse effect on the nationalized banks;

(b) if so, the details thereof.

(c) the terms on which non-banking financial companies have been given permission to function;

(d) whether the Government propose to take reformative steps in this regard; and

(e) if so, the details thereof and if not, the reasons therefore?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL)

(a) No, Sir.

(b) Does not arise.

(c) The salient features of the terms on which NBFCs are allowed to function are set out in Chapter III B of Reserve Bank of India Ac as amended in January, 1997.

(d) & (e) Government of India had appointed a Task Force on NBFCs in August, 1998 to review the existing regulatory framework and addressing some of the shortcomings in dealing with the investor`s complaints. The Task Force submitted its recommendations in October 1998. A number of recommendations of the Task Force have been implemented by way of issue of directions by RBI in December, 1998. New legislation is envisaged to give effect to the recommendations.